

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index
using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2016

| Expense Category | Price/Wage Variable | Base Year Weights 1997 | Forecast | | | | | |
|------------------------------|---|------------------------------|------------|------------|------------|------------|------------|------------|
| | | | 2015 Q3 | 2015 Q4 | 2016 Q1 | 2016 Q2 | 2016 Q3 | 2016 Q4 |
| Index Levels | | | | | | | | |
| Total - SNF01 | | 100.000 | 1.779 | 1.792 | 1.807 | 1.821 | 1.834 | 1.848 |
| Compensation | | 62.998 | 1.943 | 1.962 | 1.980 | 1.997 | 2.010 | 2.030 |
| Wages and Salaries | ECI - W/S: Nursing Home | 52.263 | - | - | - | - | - | - |
| Employee Benefits | ECI - Benefits: Nursing Home | 10.734 | - | - | - | - | - | - |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 2.634 | - | - | - | - | - | - |
| Utilities | | 2.368 | 1.785 | 1.738 | 1.758 | 1.767 | 1.822 | 1.776 |
| Electricity | WPI - Commercial Electric Power | 1.420 | - | - | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.426 | - | - | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.522 | - | - | - | - | - | - |
| All Other | | 22.123 | 1.565 | 1.573 | 1.582 | 1.593 | 1.601 | 1.609 |
| All Other Products | | 13.522 | 1.501 | 1.508 | 1.515 | 1.525 | 1.530 | 1.537 |
| Pharmaceuticals | WPI - Prescription Drugs | 3.006 | - | - | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 3.198 | - | - | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 0.937 | - | - | - | - | - | - |
| Chemicals | WPI - Industrial Chem. | 0.891 | - | - | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.611 | - | - | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.289 | - | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 2.589 | - | - | - | - | - | - |
| All Other Services | | 8.602 | 1.665 | 1.675 | 1.687 | 1.701 | 1.713 | 1.723 |
| Telephone Services | CPI - Telephone Services | 0.448 | - | - | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 4.094 | - | - | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 4.059 | - | - | - | - | - | - |
| Capital Costs | | 9.877 | 1.175 | 1.181 | 1.185 | 1.189 | 1.193 | 1.198 |
| Depreciation | | 5.266 | 1.449 | 1.459 | 1.467 | 1.471 | 1.478 | 1.487 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 3.609 | - | - | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 1.657 | - | - | - | - | - | - |
| Interest Costs | | 3.852 | 0.686 | 0.685 | 0.680 | 0.684 | 0.682 | 0.681 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.890 | - | - | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.962 | - | - | - | - | - | - |
| Other Capital Costs | | 0.760 | - | - | - | - | - | - |
| Other | CPI - Residential Rent | 0.760 | - | - | - | - | - | - |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2016

| Expense Category | Price/Wage Variable | Base Year Weights 1997 | Forecast | | | | | |
|------------------------------|---|------------------------------|------------|------------|------------|------------|------------|------------|
| | | | 2015 Q3 | 2015 Q4 | 2016 Q1 | 2016 Q2 | 2016 Q3 | 2016 Q4 |
| Percent Changes | | | | | | | | |
| Total - SNF01 | | 100.000 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| Compensation | | 62.998 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 |
| Wages and Salaries | ECI - W/S: Nursing Home | 52.263 | - | - | - | - | - | - |
| Employee Benefits | ECI - Benefits: Nursing Home | 10.734 | - | - | - | - | - | - |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 2.634 | - | - | - | - | - | - |
| Utilities | | 2.368 | 2.6 | 2.5 | 2.4 | 2.4 | 2.2 | 2.2 |
| Electricity | WPI - Commercial Electric Power | 1.420 | - | - | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.426 | - | - | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.522 | - | - | - | - | - | - |
| All Other | | 22.123 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| All Other Products | | 13.522 | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Pharmaceuticals | WPI - Prescription Drugs | 3.006 | - | - | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 3.198 | - | - | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 0.937 | - | - | - | - | - | - |
| Chemicals | WPI - Industrial Chem. | 0.891 | - | - | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.611 | - | - | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.289 | - | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 2.589 | - | - | - | - | - | - |
| All Other Services | | 8.602 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.8 |
| Telephone Services | CPI - Telephone Services | 0.448 | - | - | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 4.094 | - | - | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 4.059 | - | - | - | - | - | - |
| Capital Costs | | 9.877 | 1.5 | 1.5 | 1.6 | 1.6 | 1.6 | 1.5 |
| Depreciation | | 5.266 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 3.609 | - | - | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 1.657 | - | - | - | - | - | - |
| Interest Costs | | 3.852 | -0.4 | -0.3 | -0.2 | -0.3 | -0.4 | -0.5 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.890 | - | - | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.962 | - | - | - | - | - | - |
| Other Capital Costs | | 0.760 | - | - | - | - | - | - |
| Other | CPI - Residential Rent | 0.760 | - | - | - | - | - | - |